

Universities Academic Pension Board

**ANNUAL REPORT
1982 · 83**

Alberta

85-1539/

FIFTH ANNUAL REPORT
of the
UNIVERSITIES ACADEMIC
PENSION BOARD

pursuant to
UNIVERSITIES ACADEMIC PENSION ACT

for the year ended
March 31, 1963

To the Honourable FRANK C. LYNCH-STAUTON
Lieutenant Governor of the Province of Alberta

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Annual Report of the Universities Academic Pension Board, pursuant to the *Universities Academic Pension Act*, for the fiscal year ended March 31, 1983.



Lou Hyndman
MINISTER FOR PENSIONS





UNIVERSITIES ACADEMIC
PENSION BOARD

Office of the Chairman

Room 570, Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-7105

The Honourable L.D. Hyndman
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta

Sir:

In accordance with *Section 32(1) of the Universities Academic Pension Act*, I have the privilege of submitting to you the Annual Report of the Universities Academic Pension Board for the year ended March 31, 1983.

Two new members, Henry Anderson, Director, Colleges and Universities, Alberta Advanced Education and Cecil MacKenzie, Assistant Deputy Provincial Treasurer, joined the Board during 1982-83. Dr. Anderson was also appointed Vice-Chairman of the Board.

We acknowledge the assistance of Payroll and Pensions Division of Alberta Treasury in providing the statistical and financial information included in this report.

Respectfully submitted,

J.E. Faries
CHAIRMAN OF THE BOARD



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UNIVERSITIES ACADEMIC PENSION BOARD

BOARD CHAIRMAN

J.E. Faries
Chairman
Government Pension Boards

MEMBERS

ON BEHALF OF THE BOARD OF GOVERNORS

W.D. Usher
University of Alberta

M.G. McGinley
University of Calgary

J.A. Rae
University of Lethbridge

ON BEHALF OF THE STAFF ASSOCIATIONS

L. Eberlein
University of Alberta

H.A. Buckmaster
University of Calgary

E.E. Falkenberg
University of Lethbridge

GOVERNMENT REPRESENTATIVES

H.N. Anderson (Vice-Chairman)
Alberta Advanced Education

C.A. MacKenzie
Alberta Treasury

UNIVERSITIES ACADEMIC PENSION ACT

REPORT ON THE ACTIVITIES OF THE BOARD AND THE OPERATION OF THE ACT

The Universities Academic Pension Board met a total of nine times during the fiscal year ended March 31, 1983.

The following issues were dealt with by the Board during the year:

1. Approval of new categories of employees for participation in the plan,
2. Procedure regarding purchase of prior service and transfer of pension credits,
3. Interest rate on overdue remittances from employers,
4. Interest rate payable on refunds of excess pension contributions,
5. Method of calculation of commuted value of pensions,
6. Status of designation of beneficiary made prior to membership in the plan,
7. Pension contributions in respect of members over 60 at commencement of membership in the plan,
8. Pensionable salary and service in respect of 'employment leave' under Professional Staff Agreement of Athabasca University,
9. Actuarial valuation study, as at March 31, 1981,
10. Calculation of length of pensionable service, and
11. Cash Flow analysis of the plan as at March 31, 1981.

The Board also dealt with 51 individual cases, including 44 cases dealing with prior service.

Four issues of the pension newsletter POSTSCRIPT were published and distributed during the year to pensioners who had retired under one of the six pension plans sponsored by the Alberta Government. The circulation of this newsletter is approximately 15,500. This publication keeps the pensioners up to date on pension developments in the province and, to a limited degree, provides a forum for their concerns and views.

On behalf of the Board, five seminars on the Universities Academic Pension Plan were presented during the year by the Pension Boards Secretariat.

CONTRIBUTIONS

At March 1983, the number of accounts under the Universities Academic Pension Plan stood at 3,994, inclusive of 130 accounts held on deposit on behalf of the terminated members. The number of active accounts at 3,855 was one per cent higher than the number of active accounts (3,815) at March 1982. Over the four-year period between March 1979 and March 1983, the number of active accounts increased from 3,443 to 3,855 or by a little under 12 per cent.

Member and employer contributions during the year totalled \$25,618,203.71 reflecting an increase of 18.8 per cent over contributions of \$21,560,426.52 for 1981-82. Total payments from the plan increased from \$5,274,939.36 in 1981-82 to \$6,535,667.82 in 1982 - 83 showing an increase of 23.9 per cent. The excess of receipts over payments increased from \$16,285,487.16 in 1981-82 to \$19,082,535.93, or by 17.2 per cent.

REFUNDS OF CONTRIBUTIONS

Refunds of member and employer contributions, plus interest, totalled \$1,851,276.67 during 1982-83. Of this, a sum of \$63,554.02 representing member contributions and interest was paid out directly to the terminating members, while a sum of \$1,651,145.15 representing both member and employer contributions, plus interest, was transferred to the terminating members' registered pension and/or retirement savings plans.

Excess contributions amounting to \$136,577.50 were refunded to the members and employers concerned during the year.

RETIREMENTS AND BENEFITS

Fifty-three retirement pensions were granted during the year. Twenty-eight of the retiring members, or 53 per cent, retired at the Normal retirement age of 65 while 20 members, or 38 per cent, retired early before age 65. The remaining five represent deferred retirements for which the pensions were commenced during the year. The average retirement age in 1982-83 was 60.85 years.

Of the 53 members who retired in 1982-83, 24 members or 45 per cent opted for Joint Life pensions, 12 members or 23 per cent took Normal Pensions (guaranteed term 15 years), 10 members or 19 per cent took pensions guaranteed for terms of 10 or 20 years, and 7 members or 13 per cent chose Single Life pensions.

Ten members died during the year while in service. Eight of the surviving spouses were granted Spousal pensions while two were granted lump sum benefits.

Six pensioners died during the year. Four of these pensions expired. One Normal pension was transferred to the surviving spouse while the other was transferred to a beneficiary to complete the guaranteed term.

Benefits paid out during the year included pension payments of \$4,639,610.79 to pensioners and lump sum payments of \$44,780.36 to beneficiaries of deceased members.

Total payments for the year, inclusive of benefits, transfers and refunds, amounted to \$6,535,667.82. The payments were approximately 34 per cent of the 'excess of receipts over payments' for the year (\$19,082,535.93) credited to the pension plan.

As of March 1983, there were 314 pensions in payment to retired members, survivor spouses and other beneficiaries of the deceased members and pensioners. Three retired members were being paid pension advances approximating 90 per cent of their estimated Normal Pension.

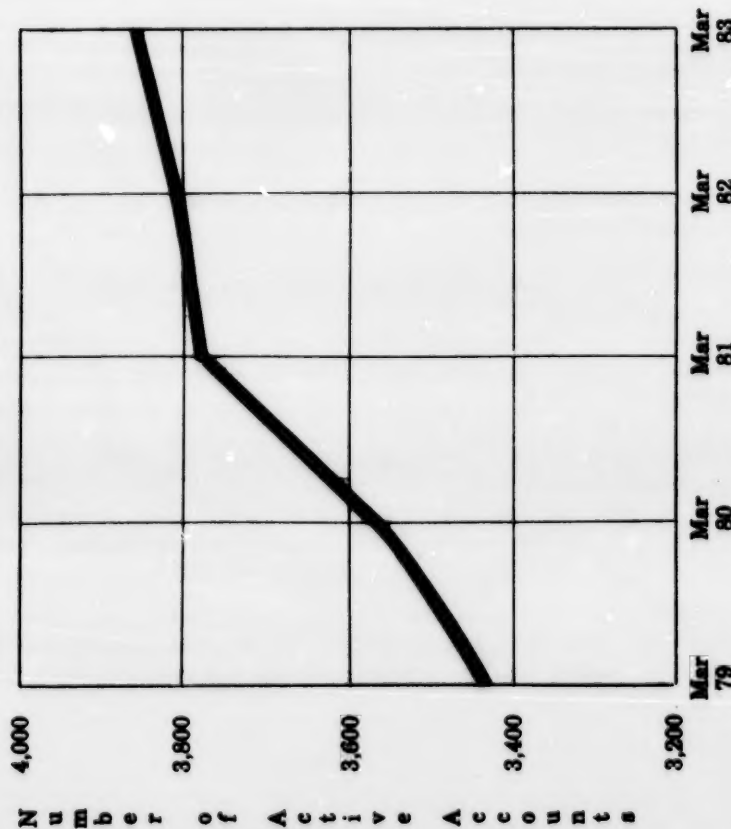
PENSION ADJUSTMENT REGULATIONS

To provide an adjustment to pensions granted under the Act for the purpose of maintaining approximate parity with cost of living, section 1 of the Universities Academic Pension Adjustment Regulations, (Alberta Regulation 438/78), as amended, was further amended to authorise the following adjustments, with effect from January 1, 1983:

- (a) pensions granted on or before January 1, 1982 were increased by 5.00%;
- (b) pensions granted after January 1, 1982, but on or before February 1, 1982 were increased by 4.58%;
- (c) pensions granted after February 1, 1982, but on or before March 1, 1982 were increased by 4.17%;
- (d) pensions granted after March 1, 1982, but on or before April 1, 1982, were increased by 3.75%;
- (e) pensions granted after April 1, 1982, but on or before May 1, 1982, were increased by 3.33%;
- (f) pensions granted after May 1, 1982, but on or before June 1, 1982, were increased by 2.92%;
- (g) pensions granted after June 1, 1982, but on or before July 1, 1982, were increased by 2.50%;
- (h) pensions granted after July 1, 1982, but on or before August 1, 1982, were increased by 2.08%;
- (i) pensions granted after August 1, 1982, but on or before September 1, 1982, were increased by 1.67%;
- (j) pensions granted after September 1, 1982, but on or before October 1, 1982, were increased by 1.25%;
- (k) pensions granted after October 1, 1982, but on or before November 1, 1982, were increased by 0.83%;
- (i) pensions granted after November 1, 1982, but on or before December 1, 1982, were increased by 0.42%.

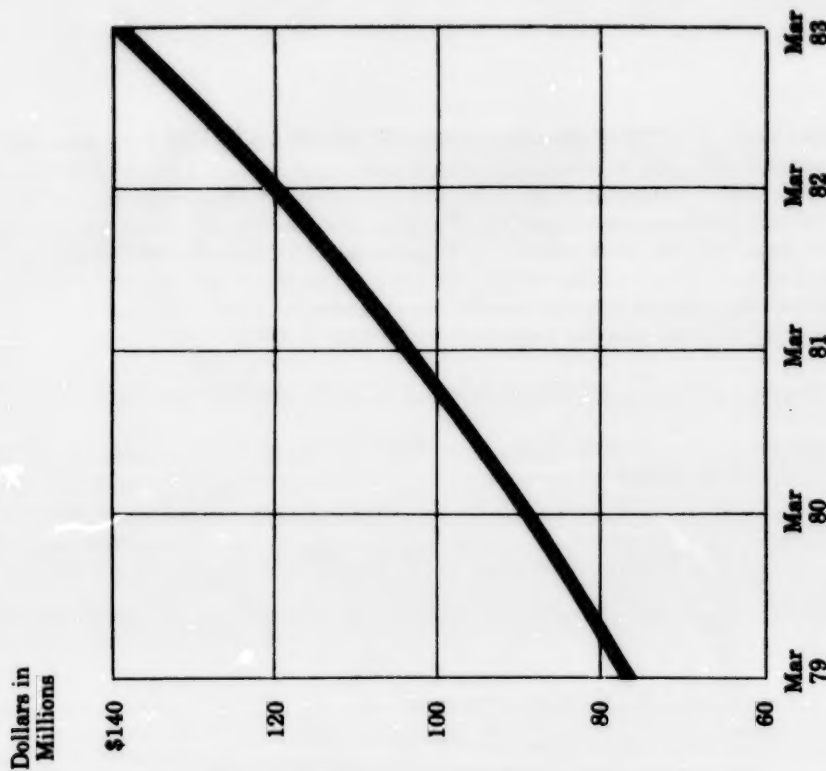
(Alberta Regulation 545/82)

GROWTH IN MEMBERSHIP (March 1979 - March 1983)



Note: The number of accounts does not include accounts held on deposit on behalf of terminated members.

GROWTH IN EXCESS OF RECEIPTS OVER PAYMENTS (March 1979 - March 1983)



Note: Excess of receipts over payments does not include interest.

MEMBER AND EMPLOYER CONTRIBUTIONS RECEIVED

(April 1, 1982 to March 31, 1983)

Employer	Number of Accounts	Member Contributions	Employer Contributions
University of Alberta	2,184	\$ 7,271,677.18	\$ 7,039,487.21
University of Calgary	1,231	4,625,440.44	4,193,160.85
University of Lethbridge	262	819,687.70	766,396.26
Athabasca University	117	271,351.09	259,688.30
Banff Centre for Continuing Education	61	151,491.30	160,237.14
Accounts Held on Deposit	139	50,041.38	9,544.90
Totals	3,994	\$13,189,689.09*	\$12,428,514.66

REFUNDS OF CONTRIBUTIONS AND INTEREST

(1982-83)

Refunds of member contributions and interest to terminated members (Section 23(1)(a) of the Act)	\$ 63,554.02
Refunds of member and employer contributions and interest by transfer to registered pension or retirement savings plans, etc (Section 23(1)(b) of the Act)	1,651,145.15
Refunds of excess member and employer contributions	136,577.50
	<u><u>\$1,851,276.67</u></u>

* Member Contributions include payments made by members on prior service.

RECIPROCAL AGREEMENT TRANSFERS
(1982-83)

	No. of Accounts	From Academic Plan	No. of Accounts	To Academic Plan
Government of Canada	5	\$ 23,032.63	19	\$180,597.32
Saskatchewan Teachers Superannuation Commission	-	-	1	11,019.94
Alberta Teachers Retirement Fund	5	48,311.61	11	112,405.50
University of Manitoba	-	-	2	3,685.58
McGill University	1	3,994.55	4	53,834.81
University of New Brunswick	1	11,451.28	-	-
University of Regina	-	-	1	4,505.52
University of Saskatchewan	2	4,980.84	4	134,668.93
University of Guelph	2	41,362.75	1	29,468.50
Wilfrid Laurier University	-	-	2	80,427.04
Dalhousie University	1	671.97	6	119,361.49
University of Toronto	1	2,116.24	1	34,460.88
Totals	18	\$135,921.87	52	\$764,435.51

TRANSFERS BY BOOK ENTRY
(1982-83)

The following transfers of contributions and interest were made during the year by book entry and are not reflected in the Summary of Receipts and Payments.

Pension Plan	To Academic Plan	From Academic Plan
Local Authorities Pension Plan	\$151,279.60	\$129,923.68
Public Service Pension Plan	508,919.17	150,523.27
Public Service Management Pension Plan	185,250.76	44,276.27
Totals	\$845,449.53	\$324,723.22

RETIREMENTS

Retirements during fiscal year 1982-83:

Normal Retirement at age 65	28
(Section 9 of the Act)	
Retirement before age 65 (unreduced pension)	20
(Section 10 of the Act)	
(Co-ordinated with Canada Pension and/or Old Age Security - 10)	
Deferred Pensions commenced during the year	5
(Co-ordinated with Canada Pension and/or Old Age Security - 3)	
Total number of retirees granted pensions in the year	<u>53</u>
Number of pensions co-ordinated with Canada Pension and/or Old Age Security	<u>13</u>

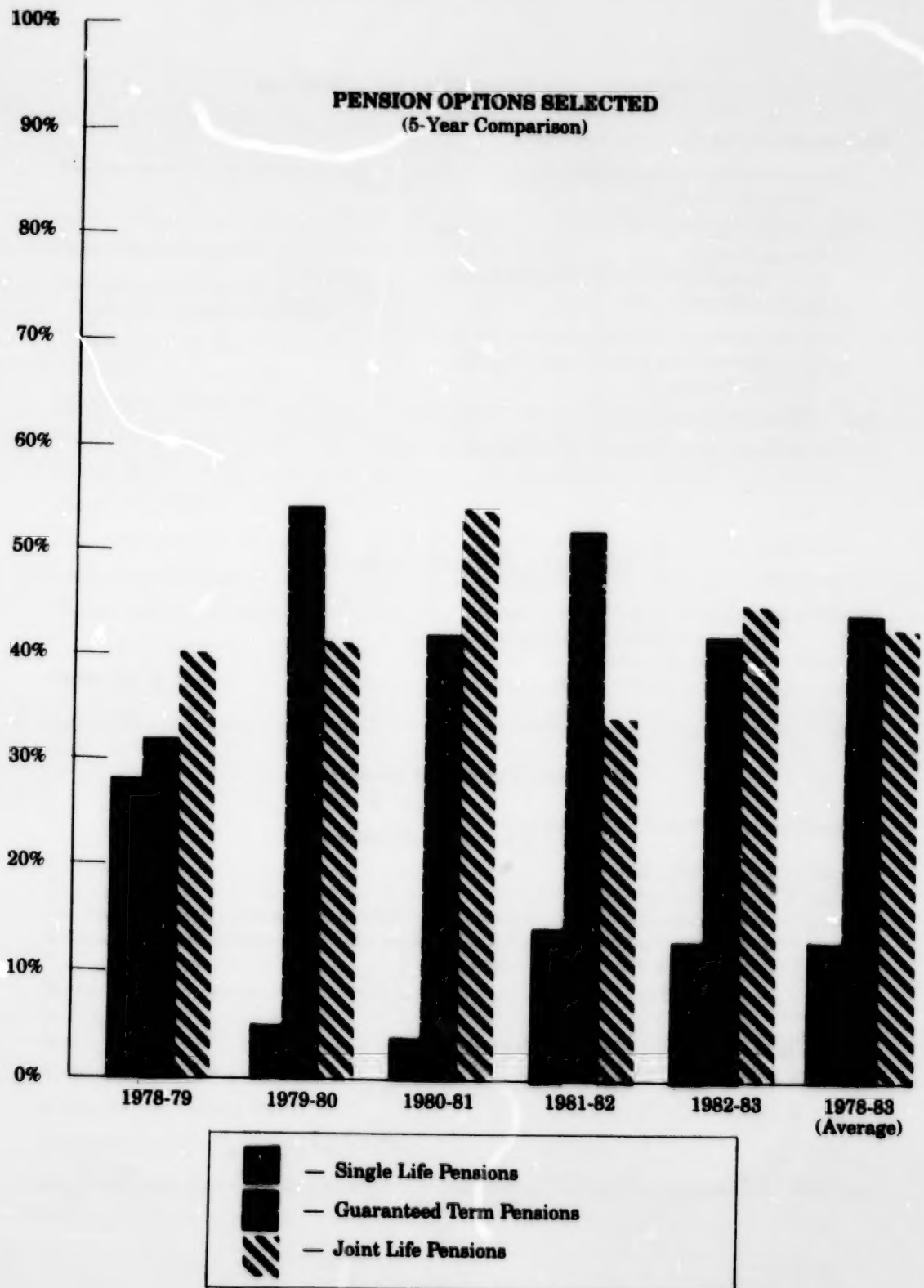
DEATH IN SERVICE BENEFITS

Number of members who died while in service	10
Number of Spousal pensions granted during the year	8
Number of beneficiaries granted lump sum payments	2
Amount of lump sums paid to beneficiaries (2)	~~44,780.36~~

SPOUSAL PENSIONS GRANTED

Spousal Pensions granted during 1982-83:

Spousal Pension - Single Life	2
Spousal Pension - Guaranteed Term 5 years	1
Spousal Pension - Guaranteed Term 10 years	1
Spousal Pension - Guaranteed Term 15 years	1
Spousal Pension - Guaranteed Term 20 years	3
Total	<u>8</u>
Number of Spousal Pensions co-ordinated with Old Age Security	4



PENSIONS

Pensions in effect at March 1983:

Guaranteed Term - 5 years	17
Guaranteed Term - 10 years	19
Guaranteed Term - 15 years (Normal Pension)	49
Guaranteed Term - 20 years	16
Single Life Pension	45
Joint Life Pension	50
Joint Life Pension reducible by 1/3	51
Joint Life Pension reducible by 1/2	17
Spouse's Pension - Single Life	22
Spouse's Pension - Guaranteed Term 5 years	1
Spouse's Pension - Guaranteed Term 10 years	6
Spouse's Pension - Guaranteed Term 15 years	10
Spouse's Pension - Guaranteed Term 20 years	11
	<u>314*</u>

Number of pensions co-ordinated with Canada Pension and/or Old Age Security	55
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* Inclusive of pensions granted under the former pension plans.

DOLLAR VALUE OF PENSIONS

Monthly dollar value of pensions paid at March 1983:

DOLLAR VALUE PER MONTH	NUMBER OF PENSIONS AND PERCENTAGE OF TOTAL		
	MEMBERS	SPOUSES	TOTAL
0 - 499	16 (5.1%)	3 (1.0%)	19 (6.1%)
500 - 999	84 (26.8%)	28 (8.9%)	112 (35.7%)
1,000 - 1,499	57 (18.2%)	8 (2.5%)	65 (20.7%)
1,500 - 1,999	42 (13.4%)	8 (2.5%)	50 (15.9%)
2,000 - 2,499	39 (12.4%)	1 (0.3%)	40 (12.7%)
2,500 - 2,999	22 (7.0%)	2 (0.6%)	24 (7.6%)
3,000 - 3,499	4 (1.3%)	0	4 (1.3%)
Totals	264 (84.2%)	50 (15.8%)	314 (100.0%)

The lowest member pension at March 1983 was \$109 per month and the highest was \$3,203 per month. The average pension paid to a member was \$1,405 per month while the median pension was \$1,257 per month.

The lowest pension paid to a survivor spouse at March 1983 was \$301 per month and the highest was \$2,639 per month. The average pension paid to a survivor spouse was \$1,031 per month while the median pension was \$823 per month.

RECIPROCAL AGREEMENTS

For the purpose of transferring pension credits on a reciprocal basis, the following agreements were in effect, between the Universities Academic Pension Board and other pension authorities, as of March 31, 1983:

IN ALBERTA

Local Authorities Pension Board
Public Service Management Pension Board
Public Service Pension Board
Board of Administrators, Teachers' Retirement Fund

OUTSIDE ALBERTA

President of the Treasury Board, Government of Canada
Minister of Finance, Government of New Brunswick
Brock University
Dalhousie College and University
University of Guelph
University of Manitoba
McGill University
University of Regina
Saint Paul University, Ottawa
University of Saskatchewan
University of Toronto
Manitoba Teachers' Retirement Allowance Fund Board
Saskatchewan Teachers' Superannuation Commission
Wilfrid Laurier University
Ontario Institute for Studies in Education

COMPARATIVE STATISTICS

July 1, 1978 to March 31, 1983

FISCAL YEAR	RECEIPTS			PAYMENTS			EXCESS OF RECEIPTS OVER PAYMENTS \$
	Employee Contributions \$	Employer Contributions \$	Total Receipts \$	Benefits \$	Withdrawals \$	Total Payments \$	
1978-79	33,716,989.15	44,624,640.76	78,341,629.91*	1,168,034.93	547,822.70	1,715,857.63	76,625,772.28
1979-80	7,675,275.81	7,447,345.10	15,122,620.91	2,099,781.65	957,979.47	3,057,761.12	12,064,859.79
1980-81	10,241,365.00	8,293,195.00	18,534,560.00	2,712,054.00	909,022.00	3,621,076.00	14,913,484.00
1981-82	10,311,875.40	11,248,551.12	21,560,426.52	3,501,251.04	1,773,688.32	5,274,939.36	16,285,487.16
1982-83	13,189,689.09	12,428,514.66	25,618,203.75	4,684,391.15	1,851,276.67	6,535,667.82	19,082,535.93

* Includes \$65,897,013 transferred from former plans at start-up of the plan.

Note: "Excess of Receipts over Payments" does not include any interest which these funds might have earned during the year.

UNIVERSITIES ACADEMIC PENSION ACT

SUMMARY OF RECEIPTS AND PAYMENTS for the year ended 31-Mar-83

Receipts		
	1982-83	1981-82
Contributions:		
Employees	\$13,189,689.09	\$10,311,875.40
Employers	<u>12,428,514.66</u>	<u>11,248,551.12</u>
	<u>\$25,618,203.75</u>	<u>\$21,560,426.52</u>
Payments		
Benefits:		
Pensions	\$4,639,610.79	\$3,433,118.11
Payments to beneficiaries	<u>44,780.36</u>	<u>68,132.93</u>
	<u>\$4,684,391.15</u>	<u>\$3,501,251.04</u>
Withdrawals:		
Contributions and interest in respect of employees leaving the service	63,554.02	122,114.97
Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements	1,515,223.28	1,531,127.54
Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements	135,921.87	31,728.68
Refunds of excess contributions	<u>136,577.50</u>	<u>88,717.13</u>
	<u>1,851,276.67</u>	<u>1,773,688.32</u>
	<u>\$6,535,667.82</u>	<u>\$5,274,939.36</u>
Excess of receipts over payments for the year	<u>\$19,082,535.93</u>	<u>\$16,285,487.16</u>

Note: The receipts and payments shown above do not reflect transfers of contributions and interest to and from other Alberta pension plans, made by book entry.